

JANIN WAEBER MAITRE

AVOCATS AU BARREAU DE GENÈVE

RFFA

**Federal law
relating to tax reform and AVS financing**

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Member of the Geneva State Parliament**

Aims of the federal reform

Fix a flat tax rate which helps companies to conform with international norms

Protect state tax revenue

Protect the Swiss financial sector

Stabilise AVS in the short term

Benefits for society

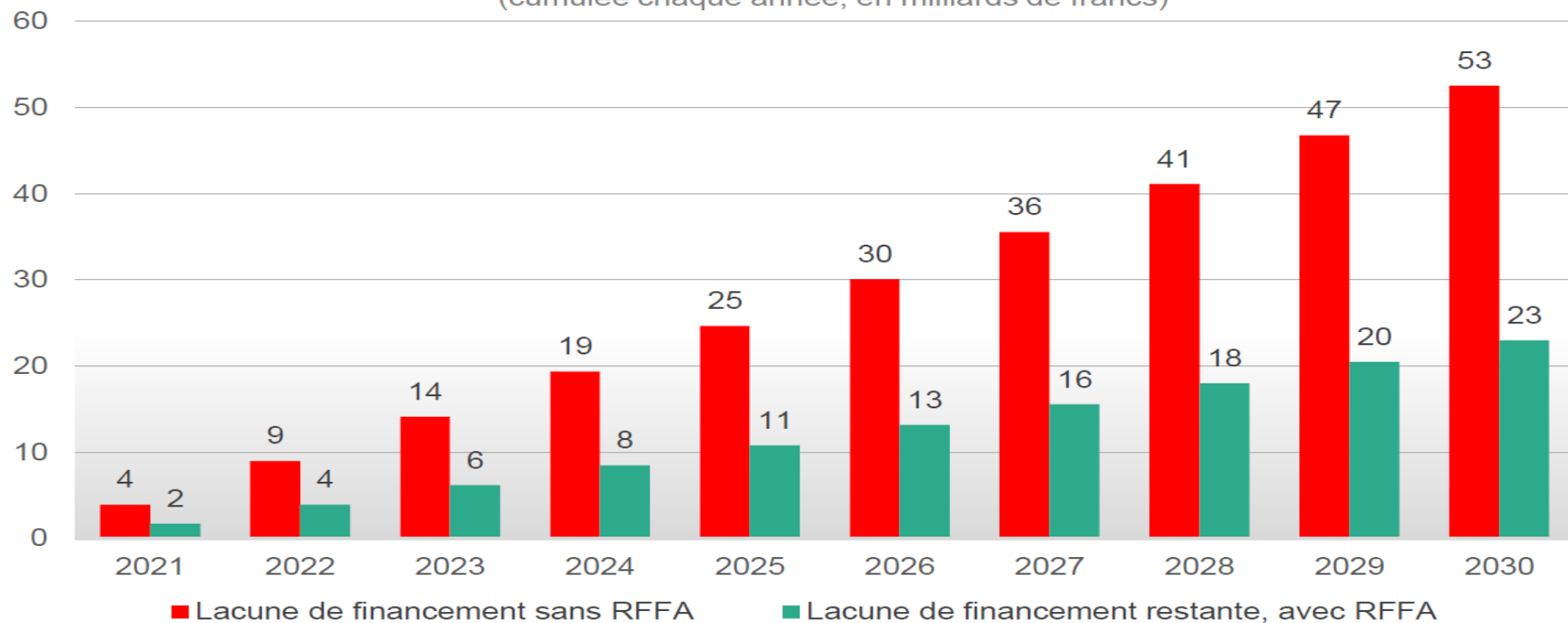
Contribution to AVS financial stabilisation: +2 billion francs

- 1.2 billion francs due to the increase in salary contributions
- 0.8 billion francs due to the increase in federal AVS contribution and due to the confederation renouncing its 17% share of the demographic VAT percentage

1 franc for the reform = 1 franc for the AVS

AVS with and without RFFA

Lacune de financement de l'AVS avec et sans RFFA
(cumulée chaque année, en milliards de francs)



**District implementation of the
federal law relating to tax
reform and AVS financing
(RFFA)**



Aims of the district reform

Protect jobs and societal benefits

Help the middle-class with social measures

Create consistency in the Lake Geneva area

Preserve Geneva's attractiveness

Strengths

1

Income tax rate of 13.99%

2

Progressive imputation of income tax on capital tax

3

Social measures aimed at early childhood and counterproposal support for the initiative “for health insurance premiums limited to 10% of household revenue” (IN 170)

4

Amendment of deficit constraints

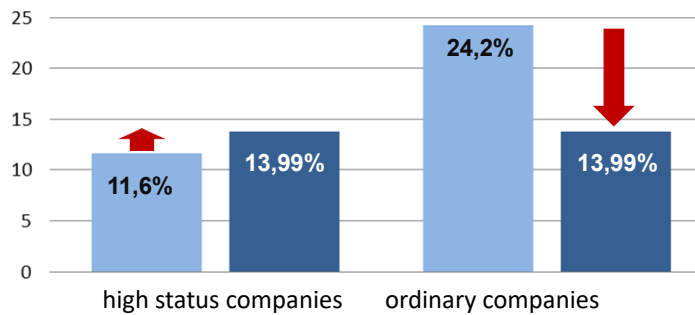
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Increase of IFD sell-down in towns from 13% to 20%



Flat rate of 13.99%

Towards a flat tax rate for companies



Consistent regional and national rate, favourable for the economy, employment and in accordance with international standards.

Tax increase for high status companies.

Tax decrease for ordinary companies.

Limited use of financial measures (9%) with an interest rate floor of 13.48%.

Reduction in financial impact on the district and towns at a rate of 13.49%: +71 million

2

Imputation of income tax on capital tax

Year	Imputation limits
2020	8500 F
2021	25 %
2022	50%
2023	75 %
2024	100%

Progressive imputation of income tax on capital tax.

Transitional measure to limit reductions in tax revenue.

Alignment of practices in the Lake Geneva area after 5 years.

Reduction in financial impact on the district and towns in respect to 100% imputation: **+166 million in 2020**



Social measures

Lighten the middle class:

Vote by the Parliament for the counterproposal for the initiative “for health insurance premiums limited to 10% of household revenue” (IN 170).

- Increase health insurance subsidies:
 - + 186 million francs added to the current sum intended for subsidies.
 - The maximum subsidy will be tripled (from 90 to 300 francs).
- Increase the circle of beneficiaries:
 - 125,000 people will receive a subsidy, compared to 53,000 currently.



Social measures

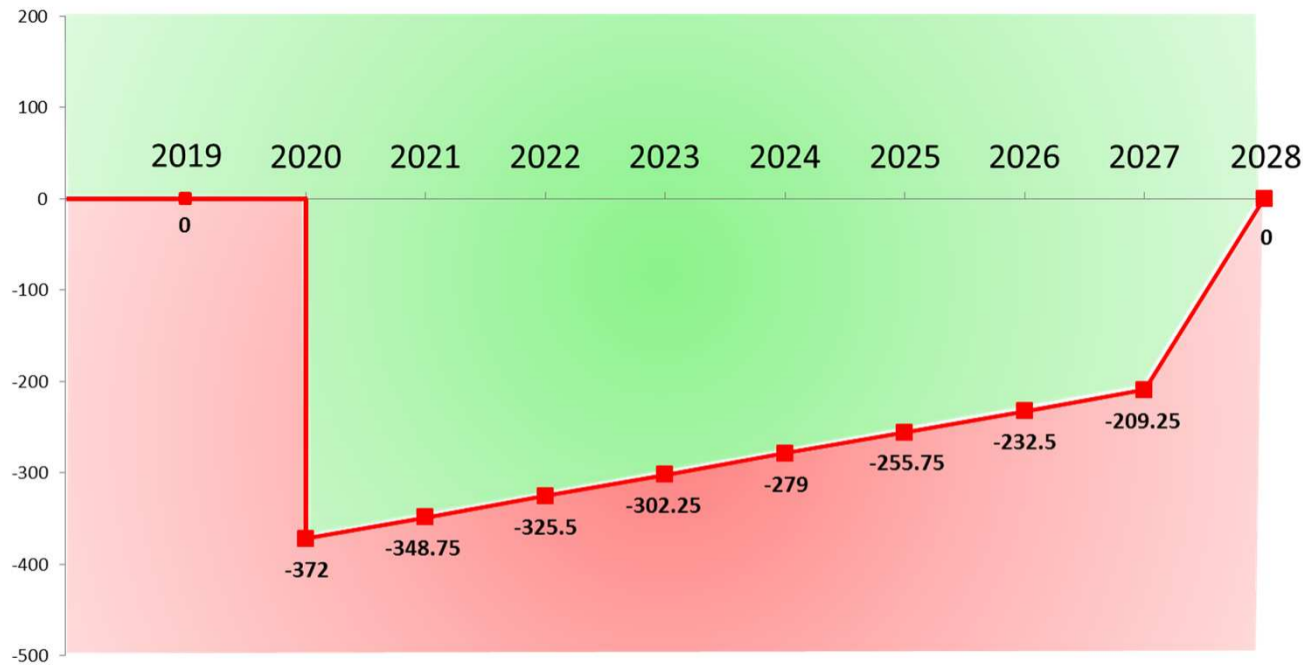
Creation of new childcare placements for early childhood:

- Creation of a foundation for preschool childcare.
- Debit of 0.07% from the unlimited total wage bill (20 million francs).
- Financing 533 crèche placements.

→ promoting integration of women in the labour market

4

Lifting deficit constraints



Budget deficit resulting from the reform over 8 years.

The permitted budget deficit is limited to 372 million francs in 2020, this amount being gradually reduced at a rate of 23.25 million francs per year.



Positive effect for towns

Increase in IFD sell-down for towns from 13% to 20%.

Positive impact on increased tax rates and progressive imputation of income tax on capital tax.

Municipal trade tax (TPC) is maintained. The sums collected by towns will not be amended.

Conclusion

FEDERAL

AVS social measures (2 billion)	Accompanying measures in favour of early childhood and counterproposal support for the IN 170
Keeping the Swiss financial sector attractive	Keeping Geneva attractive
Equal treatment for all types of companies	Preservation of employment and societal benefits
Assurance of legal certainty and predictability for companies	Very limited usage of tax measures Measures adapted to the specific features of our district

DISTRICT

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